



Enron Corp.
P.O. Box 1188
Houston, TX 77251-1188
(713) 853-6161

Arthur Andersen
711 Louisiana, Suite 1300
Houston, Texas 77002

August 11, 2000

We are providing this letter in connection with your review of the consolidated financial statements of Enron Corp. and subsidiaries (Enron) as of June 30, 2000 and for the period then ended to be included in the company's Form 10-Q quarterly report to be filed with the Securities and Exchange Commission (SEC).

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your review.

1. We are responsible for the fair presentation of the financial statements referred to above.
2. The financial statements to be included in the Form 10-Q are fairly presented, in accordance with U.S. generally accepted accounting principles, on a basis consistent with that of the audited financial statements as of December 31, 1999.
3. The financial statements to be included in the quarterly report on Form 10-Q comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 and the related rules and regulations adopted by the SEC, and they are presented on a basis consistent with that of the audited financial statements as of December 31, 1999.
4. Certain information and footnote disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, but the disclosures are adequate to make the information presented not misleading.
5. We have made available to you all financial records and related data.
6. We believe that all material expenditures that have been deferred to future periods will be recoverable.
7. The accounting records underlying the financial statements accurately and fairly reflect, in reasonable detail, the transactions of Enron.
8. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

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**GOVERNMENT
EXHIBIT
4603**
Crim No. H 04-0025

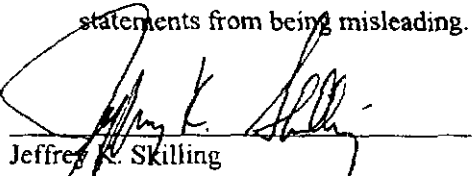
9. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
10. You have brought to our attention misstatements which remain uncorrected at June 30, 2000 and which are summarized in the accompanying schedule. The effects of those misstatements are not material, both individually and in the aggregate, to the financial statements taken as a whole.
11. There has been no:
 - a. Fraud involving management or employees who have significant roles in internal control
 - b. Fraud involving others that could have a material effect on the financial statements
12. Enron has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
13. The following have been properly recorded or disclosed in the financial statements:
 - a. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements and guarantees (whether written or oral), and amounts receivable from or payable to related parties
 - b. Guarantees, whether written or oral, under which the company is contingently liable
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *"Disclosure of Certain Significant Risks and Uncertainties"* (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.)
14. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5

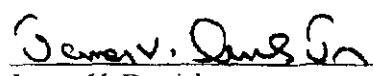
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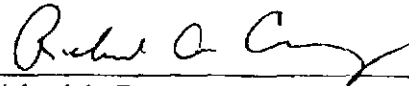
15. Other than specific items enumerated otherwise herein or disclosed in the financial statements, Enron has:
 - a. Complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
 - b. Satisfactory title to all owned assets and there are no material liens or encumbrances on such assets nor has any material asset been pledged as collateral.
 - c. Both the ability and the intent to refinance all short term debt on a long-term basis, including short-term debt of subsidiaries.
16. Enron's objective related to their merchant assets and investments that are carried at fair value is to achieve capital appreciation and those assets and investments are not expected to be long-term, integrated components of Enron's energy networks.
17. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
18. The impact of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" will not be material on Enron's accounting for price risk management activities but the effect on its hedging activities or physical based contracts has not yet been quantified.
19. Deferred development costs on an individual project basis at June 30, 2000, represent valid deferred development costs in accordance with the accounting policy as stated in the Company's consolidated financial statements as of December 31, 1999, included in its Form 10-K, and SOP 98-5, "Accounting for Start-up costs".
20. The Company, through a wholly owned subsidiaries, has an intercompany loan of approximately \$463 million with Elektro, which has not formally been contributed to Elektro as equity capital. Such receivable balance is classified as part of the Company's investment in Elektro as the loan is deemed to be of a long-term investment nature as defined in FASB Statement No. 52, Foreign Currency Translation.
21. At June 30, 2000, the Company owns an approximate 63% interest in Dabhol Power Company (DPC). The Company is not consolidating DPC as the Maharashtra State Electricity Board (MSEB) has an option to acquire additional interest in DPC from the Company (at the Company's cost of such interest) that would result in the Company not having control of DPC, and the company has received correspondence from MSEB that they "have decided to invest in DPC Phase-II for acquiring 30% equity in DPC Phase-II project," which would reduce the company's ownership interest in DPC to a 50% non-controlling interest. The Company believes that it is probable that a resulting sale (to the MSEB or otherwise) will close prior to December 31, 2000. In addition, the Company has recognized its share of earnings from DPC based on its actual 63% ownership interest based on the fact that the Company has the ability to control and will declare a cash dividend from DPC prior to the effective date of any sale in a sufficient amount to realize

the U.S. GAAP equity in earnings in excess of those otherwise calculated at a post sale ownership interest.

22. Various claims have been asserted against and by the company with respect to certain projects which are under construction or have been completed in which the Company, through subsidiaries, has participated in the construction efforts in various roles. Management has considered these claims in its estimates of contract profit or loss used as a basis for recognition in the Company's financial statements on a project by project basis and does not believe that it is probable that the ultimate resolution of these issues will result in contract profits or losses that are materially different from those estimated and used as a basis for recognition in the Company's financial statements.
23. The contract revenues and costs related to projects under construction in which the Company, through subsidiaries, has participated in the construction efforts in various roles is based on Management's best estimate of the revenues and costs that will ultimately be realized.
24. No events have occurred subsequent to the balance-sheet date that have a material effect on the financial statements or that should be disclosed in order to keep those financial statements from being misleading.


Jeffrey K. Skilling
President and Chief Operating Officer


James V. Derrick
Executive Vice President and General Counsel

RRR

Richard A. Causey
Executive Vice President and Chief
Accounting Officer